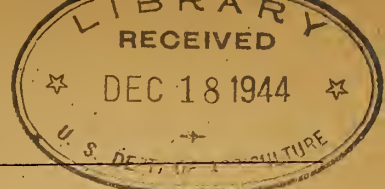


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Administration



No. 45

"AMA WAR BOARD" Letter Wash. D.C.

Dec. 5, 1942

FREIGHT RATES: On Dec. 4, petition was filed with Interstate Commerce Commission by AMA Transportation and Warehousing Branch requesting that freight rate increase on farm products, which became effective March of this year, be vacated. Petition was filed in name of Secretary Wickard. Coincidentally, OPA filed petition asking that increases in all freight and passenger rates, which became effective at same time, be vacated.

Major premise for request in both instances was contention that increased rail traffic has brought revenue more than offsetting higher operating costs of roads on basis of which ICC granted increased rates and charges. In addition, Secty Wickard's petition held that anticipated further revenue gains to be brought about by "almost complete elimination" of coastwise and intercoastal shipping and "constant diminution" of motor carrier service would further improve financial results of operation of railroads.

Other major points of Secty's petition were: Reiteration of the argument he offered during ICC consideration of railroads request for higher rates that such increase would contribute to higher foods costs which in turn would tend to inflation and that increases freight rates have caused Government to spend more money in connection with food purchase programs, particularly for foods going to Lend-Lease shipment. BACKGROUND: In rate case (Ex Parte 148) railroads sought blanket 10% increase in freight rates and charges. Effective March 18, 1942, ICC authorized increase of 3% on basic and raw products of agriculture, animals and products thereof, and a 6% increase on other commodities, except products of mines.

FIELD PURCHASES: Purchases during past week, November 26 - December 3, included: Cabbage, New York, 622½ tons, U.S. No. grade at \$15 per ton; Squash, Vermont, 5½ tons, AMA grade, at \$12 per ton; Sweetpotatoes, Virginia, 28,800 bu. at \$.90 per bu. and 8510 bbls. at \$2.40 per bbl. all U.S. No. 1 grade. Pineapples, Puerto Rico, 199 crates, U.S. No. 2 grade, at \$1.75 per crate.

Apples: Connecticut, 10,999 bu., Maine, 6,410 bu., Massachusetts, 18,592 bu., New Hampshire, 4,136 bu., Utah, 1,980 bu., and Vermont, 50 bu. All purchased at 1.25 per bu. Total purchases during past week, November 26 - December 3, amounted to 42,167 bu. Total purchases to date 2,275,030 bu.

VICTORY FOOD SPECIAL PROGRAM: In mill is proposed designation of dried edible beans as VFS during period January 18-23.

DAIRY AND POULTRY: SOUTHERN EGG MARKETING PROGRAM contracts are being drafted on basis of recommendations resulting from consideration of program by interested parties in field. Contracts expected to be ready about middle this month. (See AMA WB Letter No. 44 for details which remain about same.)

Under consideration is proposal for turkey grading schools in eastern areas in response to increased need for grading in connection with OPA price ceilings.

DRIED EGG purchase program has been amended to extend time for submission of offers beyond December 31 and to provide for packaging of product in 90 lb. to 110 lb. containers.

DAIRY INDUSTRY: Will have to make greater adjustments to meet new wartime problems in future. This warning was carried to industry by Tom G. Stitts, Chief, Dairy & Poultry Branch, AMA, at recent annual meeting of Nat'l. Cooperative Milk Producers Federation in Chicago. Stressed that situation looks particularly tight with regard to supplies for civilian consumers. 1943 milk production goal is 122,000,000,000 lbs. Total war demands are at least 18,000,000,000 lbs., which means that 104,000,000,000 lbs would be left for civilian consumers if production goal met. This year production will total about 120,000,000,000 lbs. out of which 7,000,000,000 has gone for war demands, leaving 113,000,000,000 lbs. for civilian requirements. It is estimated that civilian will want to buy between 120 and 125 billion pounds of dairy products in 1943 with increased incomes. However, even though supply situation will be tight compared with potential demand, the 1943 production goal would assure enough to meet all war requirements and maintain domestic consumption at about general average level of 1935-39 period.
